

Committee Name:

Senate Select Committee – Job Creation (SSC–JC)

Appointments

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Committee Hearings

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Record of Committee Proceedings

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Senate Select Committee on Job Creation

Paper Ballot: Senator Stepp

Deadline: Tomorrow, 2-12-04, 3:00 pm

SB 384 (Wisconsin Advantage Jobs Training Program) received a public hearing on Monday, 2-2-04.

SB 384 now has a substitute amendment that removes its fiscal portion.

The fiscal portion of SB 384 has now been split out into SB 451.

The bills will need to go to the Joint Finance Committee.

Please return your votes via paper ballot to Senator Stepp's office by 3:00 pm, Thursday, February 12, 2004.

Thank you.

Senate Bill 384:

relating to: authorizing technical college districts to issue revenue bonds for the purpose of providing services and facilities to businesses and granting rule-making authority.

Introduction and Adoption of Substitute Amendment.

☒ YES ☐ NO

Passage as amended.

☒ YES ☐ NO

Senate Bill 451:

Relating to: appropriating money to technical college districts for the Wisconsin Advantage Jobs Training Program and making an appropriation.

Passage.

☒ YES ☐ NO



Signature

Senate Select Committee on Job Creation

Paper Ballot: Senator Kanavas

Deadline: Tomorrow, 2-12-04, 3:00 pm

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Introduction and Adoption of Substitute Amendment.

☒ YES ☐ NO

Passage as amended.

☒ YES ☐ NO

Senate Bill 451:

Relating to: appropriating money to technical college districts for the Wisconsin Advantage Jobs Training Program and making an appropriation.

Passage.

☒ YES ☐ NO



Signature

Senate Select Committee on Job Creation

Paper Ballot: Senator Leibham

Deadline: Tomorrow, 2-12-04, 3:00 pm

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Introduction and Adoption of Substitute Amendment.

☒ YES ☐ NO

Passage as amended.

☒ YES ☐ NO

Senate Bill 451:

Relating to: appropriating money to technical college districts for the Wisconsin Advantage Jobs Training Program and making an appropriation.

Passage.

☒ YES ☐ NO

JOE LEIBHAM
Signature

Senate Select Committee on Job Creation

Paper Ballot: Senator Chvala

Deadline: Tomorrow, 2-12-04, 3:00 pm

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Senate Bill 384:

relating to: authorizing technical college districts to issue revenue bonds for the purpose of providing services and facilities to businesses and granting rule-making authority.

Introduction and Adoption of Substitute Amendment.☒ YES ☐ NOPassage as amended.☐ YES ☒ NO**Senate Bill 451:**

Relating to: appropriating money to technical college districts for the Wisconsin Advantage Jobs Training Program and making an appropriation.

Passage.☐ YES ☒ NOChuck Chvala

Signature

Senate Select Committee on Job Creation

Paper Ballot: Senator Jauch

Deadline: Tomorrow, 2-12-04, 3:00 pm

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Thank you.

Senate Bill 384:

relating to: authorizing technical college districts to issue revenue bonds for the purpose of providing services and facilities to businesses and granting rule-making authority.

Introduction and Adoption of Substitute Amendment.

___ YES X NO

Passage as amended.

___ YES X NO

Senate Bill 451:

Relating to: appropriating money to technical college districts for the Wisconsin Advantage Jobs Training Program and making an appropriation.

Passage.

___ YES X NO


Signature

January 30, 2004



Dr. Lee Rasch – President
Western Wisconsin Technical College
304 Sixth Street N.
La Crosse, WI 54601

SUBJECT: Support of SB 384

To: Members of the Select Committee on Job Creation,

The purpose of this letter is to express our support and need for SB 384 – The Wisconsin Advantage Program. CenturyTel is located in La Crosse, WI and our company partners with Western Wisconsin Technical College on a variety of initiatives designed to improve the economic vitality of our region. Passage of SB 384 would help to continue the success of these collaborative efforts and on our ability to adapt to the changing marketplace.

This training bill would provide training / and sources of funds needed to grow CenturyTel's Region Headquarters and local operations in the area. We believe the Wisconsin Advantage Program would serve as a magnet for economic development and contribute positively to the availability of needed training by:

1. Being "Property Tax Neutral" as the revenue bond financing would be partially repaid based on a percentage of gross wages based on employees participating.
2. Encouraging the local technical college to partner with businesses and provide specialized training.
3. Empowering local technical college district boards to utilize non-traditional means to finance job training and related services to private business in order to retain and attract new jobs across the technical college districts.

Passage of SB 384 would achieve several goals: job creation, ability to attract new businesses and professionals, and new tax revenues to the state on those jobs. Additionally, passage of the bill would lower job training costs for businesses willing to relocate or expand their workforce in Wisconsin and would enhance the existing partnership between the state's technical colleges and local employers.

The Wisconsin Advantage Program holds great potential for the Region and CenturyTel and we urge your support on this important bill.

Sincerely,

A handwritten signature in black ink, reading "Robert E. Brown". The signature is fluid and cursive, with the first name "Robert" being more prominent.

Robert E. Brown
General Manager

CenturyTel
333 North Front Street
La Crosse, WI 54601

A handwritten signature in black ink, reading "Daniel D. Braund". The signature is cursive and elegant, with the last name "Braund" being the most distinct part.

Daniel D. Braund
Area Operations Manager

CenturyTel
206 Fifth Avenue South
La Crosse, WI 54601

2003 Senate Bill 384

Written testimony provided by Bryan Albrecht, Associate
Vice President, Gateway Technical College

albrechtb@gtc.edu

Distinguished members of the Senate Hearing Committee, thank you for allowing me to share with you a few thoughts and perspectives regarding the importance of Senate Bill 384 the 'Wisconsin Advantage Program'.

My name is Bryan Albrecht, associate Vice President of Gateway Technical College. Gateway Technical College is located in the far southeast region of the state serving Racine, Kenosha and Walworth Counties.

It is clear to me that you have a very important and difficult responsibility to ensure that Wisconsin legislative action both protects existing and establishes new opportunities for Wisconsin's economic future.

Ensuring the rights of Wisconsin citizens through job creation and protection is what this bill represents. The Wisconsin Technical College System was founded upon the promise that every Wisconsin citizen should have the right to education and job skill training. With the changes in our state and national economy it is imperative that we seek new ways to deliver on that promise.

I am sure you are aware of the dramatic changes we are seeing in Southeastern Wisconsin. What was at one time a rich history of heavy manufacturing in the southeastern corner of the state is quickly changing to a sector of our economy that includes information and computer technology, biomedical and bioscience technology, logistics and consumer services.

As our economy changes so must those that prepare its workforce. The Technical College System is one of our states greatest assets in job creation and worker training.

This bill establishes a new frontier for growth in both the technical college system and the private sector. Increasing the capacity to grow Wisconsin's future through job retention, worker retraining and business revitalization is critical to our continued economic recovery in Wisconsin.

One of the unique advantages that this bill provides is for the development of local partnerships focusing on community growth. There is a shared responsibility for job retention and creation through this partnership. No one entity can alone can predict nor provide for all the needs of business development at the local level. That effort must come from local employers, workers and training providers. This bill gives Wisconsin an advantage in job training and business development especially for those communities that border neighboring states like Illinois, Minnesota and Iowa.

I am sure it is no surprise to any of us that one of the fastest growing regions in northern Illinois is southeastern Wisconsin. It is time to be creative and aggressive in our approach to economic development by retaining and returning those job markets to Wisconsin.

Establishing a new future for local business by leveraging the resources and entrepreneurship capabilities of the Wisconsin Technical College System is a sound investment in growing Wisconsin's economy.

The Wisconsin Advantage Program will provide new resources for Wisconsin businesses to support employee skill-assessments, training to improve worker skill attainment, facilities and equipment to improve output and production capabilities for employers, and professional services to ensure long range economic stability for local business.

The best insurance policy for a healthy community is by providing good paying jobs for its residents. This Bill is about securing the future of our communities, our citizens and our employers through our state's progressive work environment.

Thank you for your time and consideration of this important initiative.

Testimony of
State Representative Steve Wieckert
Before the
Senate Select Committee on Job Creation
Regarding
SB 384 – The Wisconsin Advantage Program

Monday, February 2, 2004
1:00 PM
330 Southwest

Dear Madame Chairman and committee members:

Thank you for having a hearing on this very important piece of legislation, which will help provide for job training for many Wisconsin citizens.

There are several core components to economic growth and development. We have to make sure that we do not tax too much. We also have to be careful not to over-regulate. And the third important component for economic development is to provide for a trained, motivated workforce.

Studies have been done by the University of Wisconsin for Forward Wisconsin, which report that business executives around the country consider several important factors when deciding to locate a business or expand existing operations in a state. One of the most important factors is having a trained workforce with a good work ethic. In the aforementioned study conducted of 270 manufacturing companies, when asked about the relative importance of labor components to the quality of business life, 31.98% replied that a "Supply of

appropriately skilled labor" was the most important labor factor in regards to the quality of business life. This ranked above "workers' attitudes and stability" (30.12%), "labor productivity and cost" (24.59%) and "constructive union management and/or congenial climate for labor relations" (13.31 %).

I think Wisconsin is a great state, and one of the ways we can promote our state is to create an integrated, positive image and project it around the nation. I am working on such an initiative called "branding" and I have branding legislation that has been introduced. Some of the early findings by consulting firms that have been discussing this branding concept with us have reported what other states think of Wisconsin. In other words, what Wisconsin is already regarded as by others in the nation. The reports indicate that one of Wisconsin's most notable qualities is the work ethic of our citizens.

Therefore, you can see the pieces are starting to come together. We as a state are already known as having a good work ethic. Now through this legislation we can offer a highly skilled and trained workforce. We can have an unbeatable combination of offering employers highly skilled and motivated employees, which will be a significant factor for economic growth for Wisconsin.

More importantly, it will help many Wisconsin citizens raise their wages and improve their standard of living. There is talk about raising the minimum hourly wage. This legislation in many ways achieves that objective by raising the skills

and abilities of employees. Their performance would naturally merit pay increases. The technical colleges, which will be used to administer this training program, have a long and successful history of providing job training.

I have consulted with a number of manufacturing executives from around the state who employ at their businesses hundreds of employees, most earning an average of \$50,000 in wages a year. They have reported to me that the most important considerations for citing new facilities or expanding on existing ones are reasonable taxes, a timely permitting process, and job training, in that order. Previous legislation passed by this legislature during this session helps with the first two priorities. The third priority of offering job training is answered by this legislation.

I have consulted with officials who operate some of the best job training programs in the nation in various states. This includes Indiana, Louisiana, Georgia, and Iowa. Some of the best elements from these states' programs have been built into this bill.

It has been a pleasure working with Senator Leibham, who took the time and the effort to develop this legislation. I appreciate he and his staff taking the time to help integrate some of the concepts I had in bill drafts, which I called the "New Jobs Partnership." It is also a pleasure to work with Representative Krawczyk, who is chairman of the Assembly committee where this bill will be referred.

Representative Krawczyk and I will be introducing similar legislation in the assembly, to put this bill on the fast track.

I would be happy to answer any questions at this time.



Wisconsin Economic Development Association Inc.

TO: Members, Senate Select Committee on Job Creation

FROM: Jim Hough, on behalf of WEDA Board of Directors

DATE: February 2, 2004

RE: **Support for SB 384**

The Wisconsin Economic Development Association (WEDA) is a statewide association consisting of over 500 economic development professionals dedicated to advocating policies and initiatives that help to expand and grow Wisconsin's economy. WEDA strongly supports and respectfully urges favorable action on SB 384.

The Wisconsin Legislature has dedicated much of its time to Wisconsin's economy and economic development and has had a very successful session in which some very aggressive and far-reaching legislation has been enacted. The thrust of the session has been aimed at job creation and making Wisconsin an attractive place to expand or locate businesses and the jobs that follow those decisions.

Senate Bill 384 addresses the critical need for the availability of adequate training and facilities to meet the demands of an ever-changing workforce. We applaud the authors for the innovative approach embodied in SB 384 and urge the committee to act favorably on this important piece of legislation.

Thank you for your time and consideration.



**Testimony Regarding Senate Bill 384
Senate Select Committee on Job Creation
February 2, 2004**

Co-Chairs Stepp and Kanavas and Committee members:

Thank you for the opportunity to speak to you today regarding Senate Bill 384. My name is Dan Clancy, Vice President for Finance and Policy for the Wisconsin Technical College System. I am here today representing Dr. Richard Carpenter, President of the System, who sends his sincere apologies for not being able to attend this hearing. Ironically, Richard is speaking at a national conference on workforce development and job creation.

Let me begin by pointing out that one of the key statutory missions of the Wisconsin Technical College System is to help foster economic development throughout the state. The WTCS Board, through its biennial budget initiatives and strategic directions for the System, has emphasized the importance of having the 16 technical colleges develop strong and effective partnerships with business, industry and labor to increase the skills of Wisconsin's labor force.

The System Office is very supportive of the Legislature's effort to expand the System's capacity to serve the economic development needs of the state, especially when it comes to creating and retaining high wage, high skill jobs.

Senate Bill 384 represents an innovative mechanism for the System to assist businesses and help in the state's economic recovery. Similar programs exist in other states. For example, Iowa has maintained a similar program for 20 years, Missouri for 16 years.

The concept of bonding for training to create and retain jobs has merit and we applaud the efforts of the bill's authors to seek creative solutions to Wisconsin's education and training needs. There are though some aspects of SB 384, as the bill is currently written, that concerns us.

Dr. Richard Carpenter, President

310 Price Place PO Box 7874 Madison, Wisconsin 53707-7874 608.266.1207

TTY: 608.267.2483 Fax: 608.266.1690 E-mail: info@wtcsystem.org

www.wtcsystem.org www.witechcolleges.com

First, the language authorizing district boards to establish non-stock corporations appears to be unnecessary to accomplish the bill's objectives. We would recommend that this provision be removed from the bill. Once this provision is removed, there may be a need to insert language allowing the colleges to raise and expend funds related to the implementation of Wisconsin Advantage.

Second, the securitization and marketability of the revenue bonds may be difficult due to the potential for shortfalls in the income tax increment revenue if a business fails or leaves the state during the initial training period. We would, therefore, suggest that the bill include the establishment of a revenue bond stabilization fund to be administered by the State Board, which would act as a self-insurance pool for the 16 college districts. A portion of the revenues generated by the income tax increment could be placed in the fund for access by all districts in the unlikely event of a default. This option would provide another source of revenue to cover possible repayment shortfalls and could assist in the marketing of the bonds.

In conclusion, I want to emphasize that the System embraces the need to find new and different ways to improve Wisconsin's economic development vitality. Due to the concerns that I have highlighted, the State Board has not taken an official position on SB 384. While, in its present form, there may be components of the bill that need modifying, the System Office stands ready to work with the Committee to develop the appropriate changes so that the legislation can move forward with the full support of the Technical College System, the Legislature and the Governor.

Thank you.

Testimony on SB 384

Michael Rosen, Ph.D.,
President, Local 212, AFT

February 2, 2004



AMERICAN FEDERATION OF TEACHERS, LOCAL 212

Milwaukee Area Technical College
Affiliated with AFT, WFT, AFL-CIO & MCLC



Executive Officers:

Michael Rosen, Ph.D., President
Marlene Dombrowski, Ph.D., Executive Vice-President

Staff:

Frank Shansky, Director of Labor Relations
Pamela A. Bautch, Administrative Assistant

February 2, 2004

My name is Michael Rosen and I am a member of the economics department at the Milwaukee Area Technical College and the president of the American Federation of Teachers local 212 representing 1700 faculty and professional staff at Wisconsin's largest technical college.

We strongly support the concept behind SB 384 that high-skills training is a key to Wisconsin's economic development. There is a strong correlation, as state labor economist, Terry Ludemann, among others has demonstrated in his research, between Wisconsin's relative decline in per capita income and the state's level of education and training. A skilled workforce is key to a prosperous Wisconsin. High skills' training, in addition, is an important economic development tool that can be utilized to attract new businesses and encourage existing firms to expand.

We support the Bill's job training authorization that authorizes a technical college district board, with approval of the state Technical College System Board, to enter into a contract with a business to provide job training, adult basic education, vocational and professional services and training facilities, equipment and material to the business

We also endorse a funding mechanism that allows a WTCS district board to authorize revenue bonds and use the proceeds to cover the cost of these services. The services would be free to business and used as a part of an economic incentive plan. The bonds would be paid by the state collecting and returning to the WTCS a share of income taxes paid on the wages from the jobs that were created.

We have no objection to this part of the legislation that also has the support of the State Board and the local district board members.

At the same time there are other components of the bill as currently written that are, in our view, unnecessary and actually undermine the ability of local governing boards to exercise their fiduciary responsibilities

The real controversy lies in Section #2 of the Bill, "Nonstock corporations." We are opposed to this section of the bill. The heart of the debate centers on why a Technical College would want or need to set up another "independent" organization to do the work of the college. Objections include the following:

- **The district board should not transfer its authority** to another body. The board has an obligation to fulfill the mission of the college and a fiscal responsibility to the taxpayer. Turning over district revenue to a private non-profit board abdicates that responsibility and sets the Board up to be accountable for the actions of those not in it employ. Similar, publicly funded, private boards, such as the Great Lakes Composite Center in Kenosha, have encountered serious accountability problems in the past.
- It is not in the interest of a college to set up an organization to compete with itself.
- No one advocating the bill has demonstrated why a nonstock corporation is needed to do the work outlined in the Wisconsin Advantage program. MATC Milwaukee works under the same legislation as all Tech College Districts and has two public television stations, a community digital broadcasting tower organized as a public private partnership at no cost to the taxpayer, two small business incubators (the MECs), and is a partner in the HIRE Center, Bradley Tech High School and numerous other ventures which provide many of the services addressed in the Wisconsin Advantage program in partnership with both public and private entities.
- **There is no public scrutiny of the private corporation, which is receiving public funding**. At a time when citizens and legislators are demanding greater accountability it is unwise to create less accountable, semi-private boards that control public dollars.
- When Gateway Technical College set up such an organization, its Advanced Technology Center, the administration attempted to use its legal status to **circumvent the collective bargaining agreement**.
- The WTCS does not need a "necessary and convenient clause," as some have argued. The WTCS was never given this type of scope because it is constituted as a series of local governments, unlike the UW System, which operates under the state. There are no legal obstacles to the WTCS's colleges entering into public private partnerships.

The argument that Technical Colleges need some other vehicle to deliver their services is without merit and actually undermines the role of the WTCS, the state board and district governing boards. Removing section #2 of the bill would resolve this issue.

Section #3 does raise some problems on repayment of bonds if businesses that received training assistance close. Since four out of five new businesses fail within ten years, we are concerned that local district boards may be left with the responsibility to pay off bonds that were issued for the training out of their local property tax levy. This would impose an unfair burden on the local taxpayer as well as the district. We support the state board's proposal to

create a stabilization fund or "self insurance" fund at the state board level. Such a fund would minimize a district's exposure to potential employer default, protecting the local taxpayer and the district's operational revenues. This fund could be financed with a percentage of the proceeds received from the issuance of the revenue bonds. Such an insurance fund would likely also result in more attractive bonds with lower interest rates.

We are also concerned about the provision in the bill regarding the fourteen-day passive review by the legislature's Joint Finance Committee. As we understand the language's intent, the fourteen days is set up for the committee to decide if it wants to meet. This is problematic since the meeting itself could take months to schedule, during which time a district's effort to recruit new jobs may fail due to the prolonged deliberations over what it could commit.

We are committed to the concept of using technical college training as an economic development tool that will grow the state's economy. We cannot, for the reasons I have outlined, support SB 384 in its current reiteration. If, however, the bills authors remove section #2, which is unnecessary and undermines public accountability and work with the WTCS state board to address the other issues I have mentioned, we will support this legislation which we believe would be an important contribution to the state's economic development arsenal.



State of Wisconsin Department of Public Instruction

Elizabeth Burmaster, State Superintendent

February 2, 2004

The Honorable Cathy Stepp
Co-Chair, Senate Select Committee on Job Creation
PO Box 7882
Madison, WI 53707-7882

The Honorable Ted Kanavas
Co-Chair, Senate Select Committee on Job Creation
PO Box 7882
Madison, WI 53707-7882

Dear Senator Stepp and Senator Kanvas:

I am writing to express opposition, in my capacity as state superintendent, to 2003 Senate Bill 384 due to provisions relating to the creation of nonstock corporations, liability concerns surrounding bonding authority, and Joint Finance Committee oversight.

Under this bill, technical college district boards are provided with the authority to organize nonstock corporations. This is not only unnecessary to accomplish the work of the Wisconsin Advantage Program, but it also lessens public accountability. In regards to the former, there are examples around the state of technical colleges that already provide many of the services the Wisconsin Advantage Program seeks to offer, and they have done so without the need to create a private corporation. In fact, the bill would create another way to deliver the same services as those the technical college should be providing, thus undermining the role of the system.

The bill undermines public accountability significantly. The district board would be responsible for the actions of people who are employed not by the board but by a private corporation receiving public funds, a corporation that does not truly have to answer to any public entity.

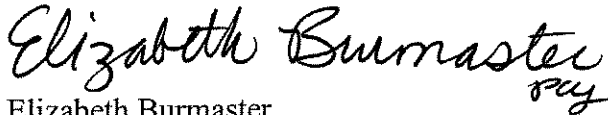
SB 384 gives the Joint Finance Committee authority, under a passive review process, to approve higher contract limits in services to trainees and higher limits on the total costs of contracts statewide. I believe this review is redundant. Both the state board and district boards are cognizant of their fiduciary responsibilities, the needs of the districts, and the competing demands on district resources. They also are publicly accountable boards that deal with these types of administrative issues on a regular basis.

The Honorable Cathy Stepp
The Honorable Ted Kanavas
Page2
February 2, 2004

The bill also authorizes a district board to issue revenue bonds to finance the costs of providing services and materials to a business. There are liabilities here that I believe need to be addressed. For instance, what happens on the repayment of bonds if businesses close?

I hope to work with you and the authors of the bill on the issues I have raised. If you have any questions about my position, please contact the department legislative liaison, Jennifer Kammerud, at 608/266-7073.

Sincerely,

A handwritten signature in cursive script that reads "Elizabeth Burmaster". The signature is written in dark ink and is positioned above the printed name.

Elizabeth Burmaster
State Superintendent

jak

cc: Senator Joe Leibham
Representative Steve Wieckert

TO: SENATE JOBS CREATION COMMITTEE

FROM: Chuck Gobel, Milwaukee Area Technical College Board Member

DATE: February 2, 2004

SB-384

Good afternoon. Thank you for the opportunity to appear today. My name is Chuck Gobel and I am on the Board of Directors of the Milwaukee Area Technical College. I serve on the Board as one of the additional public members, that is, I am neither the employer nor employee representative. Although our Board has had some discussion on this bill, ^{and has raised concerns} we have not taken an official position, so I am speaking for information purposes.

To create a mechanism that provides an incentive, through revenue bonds, for businesses ^{or communities} to start up in our state and for there to be a means for those businesses to get training for their new employees from the technical colleges, the premier workforce training institutions in the state, just makes enormous good sense, particularly for small/medium sized businesses. While our Board has not taken an official position, I feel confident, based on the nature of our discussion, that we are very supportive of this aspect of the legislation.

Having said that, I would like to point out some areas that could be problematic and ^{that} might serve as a disincentive for a board to take advantage of the opportunities presented by the ability to use revenue bonds. Among those is the provision ~~to~~ that authorizes the

non-stock corporation

establishment of an independent 501 ©(3) entity, particularly if it is not necessary to the success of the program. There is no need. MATC, for example, has run incubator programs for over twenty years, including two enterprise centers designed to be incentives for new businesses. We also run a television station with all the complexities that this involves. Additionally we run short- term programs for companies that need worker training with new technology.

In addition, however, to the absence of need, is a concern that establishing a separate, independent entity, would have an adverse effect on our ability to be accountable. In a sense we would be abrogating our responsibility by turning over operational authority of a portion of the college to an independent third party. We would approve the bonding and ultimately be responsible for making good on the bonds in case of a business failure while having no control over the operation of the outside entity. The burden would fall on the local property tax payer, not a good position to be in. *Securities + property*

Another area that could be problematic is the protracted timeline that could occur if authority had to come from Joint Finance Committee. While there is time certain by which the Joint Finance Committee would need to decide whether they want to get involved, there is no time certain by which they have to make a decision. Valuable time and valuable business could be lost in a sense serving to be counterproductive to the intent of the legislation.

Overall, providing a means for employee training for new businesses, without adding burden to the local property tax payer, makes a lot of sense. It is a win for the new business, for the new employees and for the state. I hope that as you consider this SB384, you will take into consideration some of the issues I have raised.

Thank you for your time and attention.

Chuck Gobel
1028 E. Juneau #625
Milwaukee, WI 53202
414-278-5825
414-289-0271 fax
chuckgobel@hotmail.com

WISCONSIN EDUCATION ASSOCIATION COUNCIL

Affiliated with the National Education Association

*Every kid
deserves a
Great School!*

Lonnie Benning, President, Gateway Technical Education Association
Accountant/Accounting Instructor at Gateway Technical College
Speaking on behalf of the Wisconsin Education Association Council (WEAC)

WEAC is concerned about the loss of manufacturing jobs in Wisconsin; and WEAC supports economic development education, and training of Wisconsin workers, especially through our fine Wisconsin Technical College System. But we have serious questions and concerns about the current bill, SB 384, in the following 3 areas:

1. REVENUE BONDING

--The proposed bill (SB384) states that the bonds may not be paid for with property tax dollars, therefore, doesn't the provision allowing reserve funds to be used to pay for the revenue bonds conflict with another provision of the proposed bill that states that property tax money may not be used to repay the bonds?

Further concerns we have are:

--How will the 1.5% tax set-aside be administered in order to reduce complication, cumbersomeness?

Are there penalties if businesses fail to report names to the DOC resulting in district losses of potential assessed revenue?

--Does 1.5% of the set-aside on incremental wages actually repay \$3,500 plus interest costs over 10 years? Has anyone done the math?

--Is the definition of "district aidable cost" is being modified? What is being changed? Does this change the oversight and reporting of these costs by the local technical college?

--What is the special fund change in the Revenue definition for the local technical college? Does this create a place to funnel college resources to make the college look poor when it comes to other budget decisions such as maintaining or expanding existing programs and negotiating contracts with its own employees?

--The bill indicates that a District board may, on its own or jointly "with any other entity" contract with business located in this district. Is this intended to refer to non-stock corporations?

--The bill proposes modifying the definition of "Revenue" to include tech college district special fund revenue. What does this impact?

2. FORMATION OF NON-STOCK CORPORATIONS

--Why is the ability of local districts to establish a non-stock corporation necessary to accomplish this training?

--Are the districts obligated to repay bonds with no rules to establish minimum credit worthiness of the businesses that a separate entity (the non-stock corporations) enter into agreements with? Does this bill obligate the district to repay if the business defaults or goes bankrupt during the 10 year payback period?

---Since the district appears to be contingently liable for repayment from reserves, how will this additional debt affect current bond ratings, interest costs, and the overall cost of capital and borrowing ability in general?

--Authorization is given to organize non-stock corps for the purpose of raising funds and providing "SUPPORT for the operation and management of the district." The term "support" is extremely broad. Does this include instruction and training? Are there provisions to use our existing tech college faculty and staff to provide training and support? Does the formation of these non-stock boards set up a parallel training system, in competition with our existing tech college staff?

--Is there an appearance, if not actual abrogation, of authority by the local district boards? Is there an appearance of, or actual attempt, to obfuscate the lines of authority by local boards relative to the non-stock corporations?

--What are the rules of governance and control of these non stock corporations? Who elects the non-stock board? How can the money be used? Is there the potential to create new "colleges" outside of the existing local district boards' control? How does a local technical college board dissolve a non-stock corporation board which may not be adhering to the intent of the legislation and local district boards' direction?

3. JOINT FINANCE COMMITTEE APPROVAL

--JFC can "approve" without action. Is this a provision that heretofore has been used? Are there wider ramifications? How can a citizen/group voice a concern or objection if the committee doesn't have to meet? This is a significant departure from anything ever done. This gives the appearance that, in reality, there is no limit on the bonding.

--What happens to non-stock corporations and money already taken from district tax levy funds by those that have already been created without board approval or via "memorandums of understanding"?

SUMMARY

Our technical colleges are leaders in teaching and learning to build Wisconsin's economy. We support bills such as SB 310 and SB 319 that, as Governor Doyle stated "takes advantage of the great expertise we have at our universities, technical colleges and manufacturing extension partnerships to help manufacturers become more competitive."

We want to be partners in building Wisconsin's economy and believe we can do so within the current structure of our system. SB 384 as currently proposed is not the solution.

Stan Johnson, President
Michael A. Butera, Executive Director

Testimony Regarding Senate Bill 384

I am Bill Ihlenfeldt, President of Chippewa Valley Technical College. The purpose of this letter is to provide informational testimony regarding SB 384. I apologize for not being there in person as I feel very strongly about this bill, but the weather in Wisconsin has altered my plans.

I have been involved in economic development activities for the past twenty years in two different regions of the state. My duties with the technical college system first at Fox Valley Technical College and, now, Chippewa Valley Technical College have always tied me to economic development because of the system's very critical role of providing the educated workforce necessary to fuel our state's economy.

The economic development of our state has always been a competitive arena. Since the demise of Uniroyal in Eau Claire we have been keenly aware of what it takes to retain, grow, and attract industries. Industries looking to grow and prosper always do comparison "shopping," and even if they don't initiate it, other states will make them aware of their attributes. Perhaps the best and most recent example I can give involves the state of Minnesota. They are encouraging industries to relocate there with an incentive of tax relief for up to 12 years.

Most recently Intek Plastics of Eau Claire closed their plant, which was only three years old, and moved across the border to take advantage of that incentive.

As we look at the world of incentives including tax relief, spec buildings, and TIF districts, there is one that stands out, and that is the availability of a trained educated workforce. That, ladies and gentlemen, has been the real strength of Wisconsin; however, we

have been at a disadvantage compared to other states like the Carolinas, Michigan, Iowa, and many others in that we have had to, for the most part, charge industries for their training.

Yes, the Customized Labor Training Fund made some free training available, but even that was very limited in scope.

I would like to emphasize the importance and significance of this type of legislation to the future of Wisconsin's economic development and growth. There are areas of this legislation that still need development and, perhaps, even change, but this type of legislation is the most important economic development tool that has been introduced in recent times. It will make Wisconsin competitive.

Thank you for this opportunity.

A handwritten signature in black ink, reading "Bill Shlafeldt". The signature is written in a cursive style with a long, horizontal flourish extending to the right.